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FM AMEMBASSY RANGOON  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6793  
INFO RUCNASE/ASEAN MEMBER COLLECTIVE  
RUEHBY/AMEMBASSY CANBERRA 0670  
RUEHBJ/AMEMBASSY BEIJING 1581  
RUEHKA/AMEMBASSY DHAKA 4660  
RUEHNE/AMEMBASSY NEW DELHI 4207  
RUEHUL/AMEMBASSY SEOUL 7761  
RUEHKO/AMEMBASSY TOKYO 5321  
RUEHCN/AMCONSUL CHENGDU 1245  
RUEHCHI/AMCONSUL CHIANG MAI 1190  
RUEHCI/AMCONSUL KOLKATA 0114  
RUEKJCS/DIA WASHDC  
RUEAIIA/CIA WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEHGV/USMISSION GENEVA 3372  
RHEHNSC/NSC WASHDC  
RUEKJCS/SECDEF WASHDC  
RUEKJCS/JOINT STAFF WASHDC  
RUCNDT/USMISSION USUN NEW YORK 1105  
RUEHBS/USEU BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 001093

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STATE FOR EAP/MLS, INR/EAP, EEB/TFS  
PACOM FOR FPA  
TREASURY FOR OASIA

E.O. 12958: DECL: 11/07/2017

TAGS: [ECON](#) [EFIN](#) [PREL](#) [PGOV](#) [BM](#)

SUBJECT: TAY ZA'S FAMILY TELLS THEIR SIDE OF THE STORY

REF: RANGOON 1091 AND PREVIOUS

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Classified By: Economic Officer Samantha A. Carl-Yoder for Reasons 1.4  
(b and d)

11. (C) Summary. In a November 6 meeting, Tay Za's older brother, Thiha, and Tay Za's eldest son, Pye Phyo Tay Za, responded to the latest U.S. sanctions and attempted to clarify the nature of Tay Za's relationship with the senior generals. Thiha questioned why the USG singled out Tay Za as a crony, noting other, richer cronies in Burma had more power. He also provided information about the Htoo Group's business dealings in Burma. Pye Phyo Tay Za made an impassioned plea for the removal of his name from the U.S. sanctions list, emphasizing that he and his younger siblings should not be punished for his father's relationships. End Summary.

Trying to Debunk the Rumors  
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12. (C) Econoff and DAO officer met with Thiha, Tay Za's older brother, and Pye Phyo Tay Za, Tay Za's eldest son, on November 6 to discuss the latest round of U.S. sanctions. Pye Phyo Tay Za opined that the USG was basing sanctions on rumors and innuendo rather than true information. Sources such as the Irrawaddy Newspaper printed lies, he stated. We commented that we had sought meetings with Tay Za for several months to hear his side of the story, but Tay Za declined to meet with us. Thiha acknowledged this, and noted that the GOB recently prohibited Tay Za from meeting with any Embassy officials.

13. (C) Thiha then provided us with background on the Htoo

Group of Companies, noting that Tay Za amassed his wealth in the last ten years. Under the tutelage of U Zaw Oo, Tay Za's brother-in-law, Tay Za first formed Htoo Wood Products Co. in the early 1990s and in 1995 branched out into the tourism industry. Tay Za first met the Senior General in 2003, when Than Shwe was a guest at a Htoo hotel, Thiha explained. A relationship formed only because Than Shwe was impressed by the hotel's operations. Thiha emphasized repeatedly that Tay Za does not have the ear of the Senior General, nor is he married or linked to the Senior General's daughter.

14. (C) According to Thiha, the GOB often "grants" contracts to Tay Za that he does not want, such as building schools in rural areas. Tay Za cannot say no to the senior generals, because if he did, he would be out of business, Thiha justified. For these projects, the GOB establishes a budget which is often well below the construction costs; the company must then cover the rest. "We do not always make a profit on our projects," Thiha asserted.

15. (C) Thiha admitted that Htoo Group of Companies, which includes 16 companies (Ref A), has grown into one of Burma's largest companies during the past five years, but argued that profits were derived from inflation of the kyat rather than from increased sales. He explained that all of Htoo Companies' investments are in kyat, but its products, such as wood and timber, are sold overseas in dollars. These dollars are converted into kyat at the market exchange rate, he noted, which has increased from 350 kyats/\$1 in 1999 to 1300 kyats/\$1 today. As a Burmese company, Htoo Group of Companies pays taxes in kyats at the official exchange rate of 6 kyats/\$1. On the books, Thiha stated, all of Htoo Companies profits are derived from converting dollars into kyats.

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16. (C) Tay Za does have a relationship with Joint Chief of Staff Thura Shwe Mann's son Aung Thet Mann, who has worked for Htoo Companies since 1998, Thiha acknowledged. He pointed out, however, that Tay Za did not hire Aung Thet Mann because of Thura Shwe Mann's position; rather Aung Thet Mann joined Htoo Companies when his father was only a Lieutenant Colonel.

#### Representing the Mining Sector

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17. (C) While explaining Htoo Group of Companies' business operations, Thiha informed us that the company recently entered into the consulting business, representing foreign companies that want to enter into the Burmese market. Thiha has been working with several Russian mining companies, including Russkaya Mednay Kompaniya, to obtain production sharing contracts for nickel and copper mines in Burma. The GOB, he noted, is being uncooperative: the Ministry of Energy has not yet acted on requests by the Russian companies, as well those of several Chinese firms, including China Non-Ferrous Metal Corporation (CNMC).

#### Pointing the Finger at Other Cronies

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18. (C) Pye Phyo Tay Za questioned why Tay Za was singled out by the U.S. Government, and pointed out that other, richer cronies worked in Burma. Thiha emphasized that U Chit Khaing, owner of Eden Group, and Zaw Zaw, owner of Max Myanmar, did more business with the senior generals than Tay Za. Both companies were involved in the building of Nay Pyi Taw, he continued. According to Thiha, Zaw Zaw's company built all the roads in Nay Pyi Taw. In comparison, Tay Za's companies built several houses in Nay Pyi Taw, but refused to build government ministries. Thiha noted that "Htoo Group of Companies only builds quality products; because the GOB wanted buildings to be constructed quickly and cheaply, we declined to bid on those contracts."

## Plea for Removal of Sanctions

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¶9. (C) Pye Phyo Tay Za inquired why he was included on the U.S. sanctions list, as he had no ties to his father's businesses. A university student in Singapore, he lamented that he could not attend school in Australia, the U.S., or Europe because of the sanctions. The sanctions will destroy his future, he complained. He also informed us that his mother, Thidar Zaw, has been separated from Tay Za for more than six years, and also has no business connections. He requested Embassy assistance in removing his name, as well as the names of his mother and younger siblings, from the sanctions list, which we said was not possible.

### Comment

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¶10. (C) As businessmen such as Tay Za begin to feel the financial squeeze from the latest sanctions, they start pointing the finger at the other bad guys. If one crony goes down, he will do his best to bring the others with him. So they are making our work easier as we try to identify more individuals and businesses and tighten the financial squeeze on the Than Shwe regime.

VILLAROSA